

Sugar & Gur Domestic & International Fundamentals

Price Outlook:

Indian sugar prices are likely to show support in the coming days on the back of likely improvement in the retail off take for Christmas and New Year. This was despite trade expectations that the release quota of 1.9 million tonnes for Dec was slightly lower than probable demand. The government said that 'sugar mills having distilleries with ethanol production capacity which divert B-heavy molasses to produce ethanol and thereby sacrifice sugar shall be eligible to sell additional quantity of sugar in addition to the quantity of White /Refined sugar prescribed for domestic sale.

Recent Update:

The government has warned mills to speed up sugar exports to achieve the 5 million tonnes annual target fixed for the current season (October 2018 – September 2019). Despite incentives offered for exports, sugar mills have contracted for a mere 600,000 tonnes of sugar exports and shipped around 179,000 tonnes for the quarter between October and December 2018. Additionally, around 80,000 tonnes of the sweetener is kept at various ports for loading for the quarter ending December 2018. This means, total quantity of export stands at a negligible 260,000 tonnes for the October- December 2018 quarter as against the quarterly average target of 1.25 million tonnes.

Sugar mills in the North/Northeast (NNE) sugarcane region produced 1,499,950 tonnes of sugar, tel quel, in the 2018/19 crush as of December 1, up 14.6% from 1,308,743 at the same time a year ago, AgMin data showed.

Mexico sugar imports for 2018/19 are projected to decrease 45,000 metric tons (MT) reflecting expected lower domestic prices relative to those of prospective import suppliers. Mexico exports for 2018/19 are increased by 238,074 MT to 1.266 million. This change reflects larger exports to the United States based on a forecast increase in U.S. Needs as defined in the amended Suspension Agreements plus 1,842 MT reported by CONADESUCA corresponding to export licenses for 2017/18 extended for a period between October 1 and 15. Ending stocks for 2018/19 are projected residually at 1.330 million MT, implying a stocks -to-human consumption ratio of 30.1 percent

Weather Forecast for tomorrow:

Andhra Pradesh and Chennai coast may receive heavy to moderate rains along with very heavy rains over isolated places. Very strong winds are expected to blow over many places of Coastal Andhra Pradesh and Tamil Nadu. Heavy to moderate rain and thundershower along with strong winds may occur over many places of Odisha, parts of Jharkhand and Gangetic West Bengal. Light to moderate rain and thundershower activities with moderate wind speed may occur over parts of Vidarbha, East Madhya Pradesh, Chhattisgarh, Telangana and parts of Northeast India. Light rain may occur over some places of Bihar and Sub- Himalayan West Bengal. Shallow to moderate fog may form over east and northeast states as well as over north western plains of the country. Marginal decrease in minimum temperatures along with dry weather is possible over northern and north western plains of the country including the Indo Gangetic plains.

Previous Updates:

The wholesale sugar price is currently quoted at Rs 29 a kg of 'S' variety and Rs 29.50 a kg of 'M' variety in Mumbai. Farm gate sugar prices are currently hovering between Rs 29-30 a kg across the country, which mills are compensating partly with an increase in recovery in the high yielding cane variety to compensate the high production cost of Rs 34 a kg.

According to All India Sugar Trade Association (AISTA) , The Sri Lanka has emerged as the largest sugar importer by contributing nearly half of India's total sweetener exports during the current season beginning October 2018.India's total sugar exports to Sri Lanka at 84,536.90 tonnes. With 16,801 tonnes and 15,340 tonnes, United Arab Emirates and Somalia have become the second and third largest importer of Indian sugar, respectively. Total exports between October 1 and December 5, 2018 stands at 179,849 tonnes. Apart from this, a quantity of 155,830 tonnes is in pipeline (waiting to load) to move in December 2018/early January 2019, out of which 113,360 tonnes are raw sugar to be dispatched to port-based sugar refineries for shipment. During this period, India exported sugar to 20 countries, of which Sri Lanka has emerged as the largest buyer.

According to trade sources, India's production during the 2019/20 marketing year could fall to between 28 million tonnes (mt) and 29 mt from this year's estimated 31.5-32 mt. Maharashtra's production could fall 16.7 percent to 7.5 mt in the next season. The sugar marketing year runs from October to September. Production may fall by half in Maharashtra's central part of Marathwada, where people are struggling to secure drinking water, Apart from water scarcity, an infestation of white grubs will curtail production next season. . Many farmers couldn't plant cane in Maharashtra and Karnataka due to water scarcity. This will reflect in next year's production.

The USDA reduced its estimate of domestic sugar beet production in 2018/19 (Oct/Sep) by 73,942 short tons, raw value, to 4.900 million in its December WASDE report.

Russian sugar production reached to 5,021,850 tonnes, white value, by December 3, according to the Russian Sugar Producers Association

Cane farmers of North Karnataka are fighting against all odds to eke out a living due to the non-clearance of their dues by sugar mills. The farmers put the blame on the state government for their plight. In Belagavi and Bagalkot districts, which are major producers of sugarcane and where factories have not settled dues, most growers have sold their land or raised huge loans to meet expenses.

According to Unica, Mills in Brazil's main cane producing region extended operations into December as rain reduced harvest pace and also sugar content in cane. Unica said that 132 mills were still operating in December, a period when normally the season is basically over, since widespread rains over most of the center-south region lead to pauses in field work. At the end of November last year, 150 mills already ended operations compared with 131 mills this year. Center-south sugar production reached 528,000 tonnes in the second half of November, compared with 880,000 in the previous two-week period. Mills crushed 14.57 million tonnes of cane versus 21.29 million tonnes in the first half of the month, Ethanol production was 744 million liters compared with 1.08 billion liters in the previous two-week period. Sugar content in cane fell because of excess moisture.

The cooperative sugar mills in Haryana have so far produced over 2.75 lakh quintals of sugar by crushing 37.48 lakh tonnes of sugarcane during the current crushing season

The COFCO believes that world sugar prices will depend on the cost of fuel in Brazil. According to its estimates, from 33.5% to 48.6% of the sugar cane harvest can be intended for the production of biofuels in the 2019/20. The Brazilian Sugarcane Industry Association (Unica), from April 1 to November 16, 2018, sugar production in central and southern Brazil decreased by 26.8% compared to the same period of the last year. Brazil produces more than 20% of the world's sugar. At the same time, it accounts for almost half of global sugar exports.

The government backs the sugar industry's demand for more financial assistance to enhance the ethanol capacity as for the first time India hopes to double blending with petrol to 8 per cent in the 2018-19 sugar season. So far, India has been able to blend less than 4 per cent petrol with ethanol but because of better price offered by Oil Marketing Companies (OMCs), the industry feels that country will double the blending level.

Australia's total sugar cane crush so far has topped 32.029 million tonnes against 31.644 mln last season, Australian Sugar Milling Council (ASMC) data showed.

Brazilian mills are expected to increase the amount of cane they allocate to sugar production next season due to better prices for the sweetener, which will lead to a rise in sugar output of 3 million tonnes, broker and consultancy INTL FCStone said on Wednesday. FCStone expects Brazil's center-south to produce 29.6 million tonnes of sugar in the 2019/20 season that starts in April versus 26.3 million tonnes in 2018/19, which was the country's smallest output in years and almost 10 million tonnes lower than in the previous crop.

India's sugar industry is eyeing exports to China and hoping for positive outcome from the talks with the Chinese delegation which is visiting the country from Thursday. If China decides to buy sugar from India, the Indian industry hopes to export about 2 million tonnes of sugar. This will be a big boost to the industry which is struggling to get exports moving owing to the fall in international prices, appreciation of Indian rupee and a section of traders holding on to the commodity in the hope that domestic prices will increase.

NCDEX Sugar (M grade) Future Quotes (At 05:00 p.m. as on 14-12-2018)

Contract	+/-	Open	High	Low	Close	Volume	O.I
Cont. (Nov)	-	2979	2979	2979	2979	0	0
Spread	Cont Dec (C1)						
Spot	-	-	-	-	-	-	
	-	-	-	-	-	-	

Note: There is no trade volume in near month future contract. Market participants are advised to wait until trade in volume starts.

International Sugar Futures ICE					(Rs/Qtl)	
Futures month	% Change over previous year	Today	Week ago	Month Ago	Year Ago	RBI Dollar
		14-Dec-18	7-Dec-18	14-Nov-18	14-Dec-17	14-Dec-18
Oct-18	5.34	2108	2104	2119	2001	71.73
Mar-19	2.53	2033	2034	2043	1982	
May-19	4.48	2049	2050	2067	1961	

(Source: Reuters) * Today – figures are a day ago Quotes.

International Sugar Futures LIFFE					(Rs/Qtl)	
Futures month	% Change over previous year	Today	Week ago	Month Ago	Year Ago	RBI Dollar
		14-Dec-18	7-Dec-18	14-Nov-18	14-Dec-17	14-Dec-18
Oct-18	7.23	2533	2527	2560	2362	71.73
Dec-18	8.46	2599	2590	2491	2397	
Mar-19	5.90	2460	2439	2491	2323	

(Source: Reuters)* Today – figures are a day ago Quotes.

Commodity		Change
Thai Sugar FOB 45 Icumsa	343.00	-2.20

Sugar Prices at Key Spot Markets:					
Commodity	Centre	Variety	Prices (Rs/Qtl)		Change
Sugar			17-Dec-18	15-Dec-18	
Delhi	Delhi	M-Grade	3075	3025	50
	Delhi	S-Grade	3055	3005	50
Uttar Pradesh	Khatauli	M-Grade	3200	3150	50
	Ramala	M-Grade	NA	NA	-
	Dhampur	M-Grade Ex-Mill	3050	3040	10
	Dhampur	S-Grade Ex-Mill	3030	3020	10

	Dhampur	L-Grade Ex-Mill	3100	3090	10
Maharashtra	Mumbai	M-Grade	3242	3242	Unch
	Mumbai	S-Grade	3060	3070	-10
	Nagpur	M-Grade	3125	3050	75
	Nagpur	S-Grade	3075	3025	50
	Kolhapur	M-Grade	3000	2925	75
	Kolhapur	S-Grade	2950	2900	50
Assam	Guhawati	S-Grade	3258	3207	51
Meghalaya	Shillong	S-Grade	3270	3220	50
Andhra Pradesh	Vijayawada	M-Grade	3400	3400	Unch
	Vijayawada	S-Grade	3360	3360	Unch
West Bengal	Kolkata	M-Grade	3450	3450	Unch
Tamil Nadu	Chennai	S-Grade	3100	3100	Unch
	Dindigul	M-Grade	3380	#N/A	-
	Coimbatore	M-Grade	3450	#N/A	-
Chattisgarh	Ambikapur	M-Grade (Without Duty)	3600	#N/A	-

Sugar Prices are in INR/Quintal. (1 Quintal=100 kg)

Jaggery (Gur) Prices at Key Spot Markets:					
Commodity	Centre	Variety	Prices (Rs/Qtl)		Change
Jaggery(Gur)			17-Dec-18	15-Dec-18	
Uttar Pradesh	Muzaffarnagar	Chaku Fresh	2528	2553	-25
	Muzaffarnagar	Chaku(Arrival)(40kg Bag)	10000	6000	4000
	Muzaffarnagar	Khurpa (Fresh)	2273	2313	-40
	Muzaffarnagar	Laddoo (Fresh)	2720	2665	55
	Muzaffarnagar	Rascut (Fresh)	2030	2030	Unch
	Hapur	Chaurasa	Closed	2188	-
	Hapur	Balti	Closed	2200	-
Andhra Pradesh	Chittur	Gold	3800	3800	Unch
		White	3700	3700	Unch
		Black	3400	3400	Unch
Maharashtra	Latur	Lal Variety	NR	NR	-
Karnataka	Bangalore	Mudde (Average)	4150	4250	-100
	Belgaum	Mudde (Average)	NA	3200	-
	Belthangadi	Yellow (Average)	NA	NA	-
	Bijapur/Vijayapura	Achhu	NA	2700	-

Gulbarga/Kalaburgi	Other (Average)	NA	3150	-
Mahalingapura	Penti (Average)	3033	3075	-42
Mandya	Achhu (Medium)	2700	2700	Unch
Mandya	Kurikatu (Medium)	2550	2500	50
Mandya	Other (Medium)	2550	2500	50
Mandya	Yellow (Medium)	2700	2700	Unch
Shimoga/Shivamogga	Achhu (Average)	NA	3150	-

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